

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

PERIODIC REPORTING
(PROPOSAL FOUR)

Docket No. RM2016-12

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO QUESTIONS 1-6 OF CHAIRMAN'S INFORMATION REQUEST NO. 4**
(October 11, 2016)

The United States Postal Service hereby provides its responses to Questions 1-6 of Chairman's Information Request No. 4, issued October 3, 2016. The questions are stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 4**

1. The Petition at 3 states: “[t]he variability of capacity with respect to volume was estimated for each of the four different types of purchased highway transportation utilizing Transportation Cost System (TRACS) data covering fiscal years 2010 through 2015.”
 - a. Please confirm that the TRACS system samples only regular routes.
 - b. If not confirmed, please:
 - i. describe the non-regular routes that are sampled,
 - ii. estimate the percentage of non-regular routes sampled in TRACS for each fiscal year from FY 2010 to FY 2015, and
 - iii. provide the TRACS sample drawn from sampling non-regular routes.

RESPONSE:

- a. Confirmed.
- b. Not applicable.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 4**

2. The Postal Service's response to Chairman Information Request No. 1, question 9, describes the CON_TYPE variable as "[t]he type of contract covering the purchased highway transportation." See Responses of the United States Postal Services to Questions 1-9 of Chairman's Information Request No. 1, September 13, 2016. In the documentation to TRACS provided in Docket No. ACR2015, Library Reference USPS-FY15-36, December 29, 2015, file README_TRACS (Public).pdf, at 4, CONT_TYPE is described as "[m]ode type (InterBMC, IntraSCF...)."
- a. Please confirm, that "mode type" and "contract type" used to identify CONT_TYPE variable in the two referenced documents have the same meaning.
 - b. If confirmed, please indicate whether or not each contract type might include multiple district individual contracts for purchased highway transportation.
 - c. If not confirmed, please explain the difference between "mode type" and "contract type."

RESPONSE:

- a. Confirmed. 'CONT_TYPE' should be spelled as CON_TYPE in USPS-FY15-36.
- b. Long distance Inter-SCF and Inter-NDC routes routinely cover multiple districts. Short distance routes may also serve multiple districts, but that occurs much less frequently. It is much more likely for an Intra-NDC route to serve multiple districts than an Intra-SCF route, which rarely occurs.
- c. Not applicable.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 4**

3. Please refer to Library Reference USPS-RM2016-12/1, August 22, 2016, and Library Reference 36, filed annually in Docket Nos. ACR2010 through ACR2015 (e.g., Library Reference USPS-FY15-36), folder "Inputs", subfolder "Highway."
- a. Please confirm that a given ROUTE variable in SAS input files from each Library Reference 36 (*i.e.*, "form3c", "form3l" etc.) *generally* refers to the same CONTRACT_TYPE variable, as well as the same route across all 6 years (FY 2010-FY 2015) in the sample used as an input to estimate capacity-to-volume variabilities in Library Reference USPS-RM2016-12/1.
 - b. If confirmed, please describe the circumstances under which, in the analyzed time period, a given ROUTE variable would refer to different CONTRACT_TYPE variables.
 - c. If not confirmed, considering a situation when a ROUTE variable refers to different CONTRACT_TYPE variables, please:
 - i. identify the most common underlying reasons, and
 - ii. indicate the relative frequency of such instances.

RESPONSE:

- a. Confirmed. 'CONTRACT_TYPE' should be 'CON_TYPE'.
- b. TRACS data show that approximately six percent of the routes had contract type variables that changed values between FY 2010 – FY 2015. There are three primary reasons that cause a route to change contract type values: 1) administrative or 2) route is modified, or 3) TRACS selects a replacement trip. First, routes entered with erroneous Budget Account Codes (BACs) may change contract types when the administrative error is corrected. Second, the route's parameters may change, resulting in a BAC change. For instance, if a contract has service points that include two P&DCs, it will typically have a BAC for inter-P&DC transportation. If one of the P&DCs is removed as a result of a service change request from

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 4**

Operations, the BAC will change to match an intra-P&DC transportation BAC. Third, a TRACS data collector may select a replacement trip that is under a different contract type. Changes from erroneous entries and routes changing parameters account for approximately two of the six percent of the routes that display varying contract type values between FY 2010 – FY 2015. The remaining four percent of routes with varying contract type values are explained by TRACS selecting replacement trips under different contract types.

- c. Not applicable.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 4**

4. Please refer to Docket No. ACR2015, Library Reference USPS-FY15-36, folder "Inputs", subfolder "Highway." Please confirm that in the input data files, for each TESTID variable, the LEG variable corresponds to all legs traveled by a sampled item on the route-day that corresponds to that TESTID. If not confirmed, please describe the LEG variable.

RESPONSE:

Confirmed. For example, if a mail item was sampled at the end of the third leg, there will be three records in the TRACS data set, one for each leg.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 4**

5. Please refer to Docket No. ACR2015, Library Reference USPS-FY15-36, folder "Inputs", subfolder "Highway."
- a. Please confirm that for each TESTID, there is recorded information in the TRACS input files (*i.e.*, "forms3c", "forms3l", "pallet" etc.) only if certain activities/operations (*e.g.*, loading, unloading of mail) are performed at tested facilities (identified with the DCODE, "[t]est facility code"). See Docket No. ACR2015, Library Reference USPS-FY15-36, file README_TRACS (Public).pdf, at 3.
 - b. If confirmed, please describe operations (*e.g.*, loading, unloading of mail) performed at tested facilities. Please include references to all applicable information sources.
 - c. If not confirmed, please explain what data were collected on the route, but not in tested facilities, and identify where such information is provided in TRACS.

RESPONSE:

- a. Confirmed. If there was no mail unloaded, the TRACS data set will not have any container level nor mail piece information for the TESTIDs.
- b. As noted in response to part a., unloading mail at the test facility is the only operation that initiates TRACS recording container and mail piece information. Loading of mail can also occur at the test facility, but that activity does not impact the TRACS data. See USPS-FY15-36.pdf at 3 for more information about the TRACS highway subsystem.
- c. Not applicable.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 4**

6. The following questions concern the Postal Service's operations in connection with the purchased highway transportation contracts.
- a. Please confirm that trucks transporting mail under contracts always follow regular pre-specified routes. If not confirmed, please indicate how often (in terms of frequency or percentage) the trucks deviate from their regular routes, and describe the underlying reasons that deviations occur.
 - b. Does the volume of mail to be picked at a particular stop ever exceed the available capacity of the provided truck(s)? If so, please explain what actions the Postal Service takes when this occurs (e.g., deferring mail until a later run, arranging additional transportation, etc.). If this varies by different contract types and/or type of transported mail, please explain.

RESPONSE:

- a. Confirmed that contracts always have pre-specified routes. Drivers will normally follow the regular pre-specified route unless a highway incident creates an unexpected road problem. Reasons for such incidents include weather related road conditions (e.g. snow closure), road construction, accidents, DOT enforced road closures, or extreme highway congestion. The Postal Service does not keep records on the frequency of these extreme highway events.
- b. Yes. If later trips are available, and they are responsive in terms of timing, the volume will be put on later trips. If regular transportation lacks the capacity to move all of the mail, extra trips (exceptional service) will be added. If the volume of mail exceeds capacity on an ongoing basis, additional regular transportation will be scheduled. These adjustment processes apply to all contract types.